

FAA AVIATION 2000 CONFERENCE

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AVIATION CHALLENGES FOR THE NEW MILLENNIUM

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Thank you for inviting the Cargo Airline Association to participate in this year's conference to discuss industry challenges as we enter a new century. For those of you who may not be familiar with our organization, we represent the interests of those air carriers that specialize in the carriage of express packages and traditional heavy freight. Our members also include other entities, such as airports, with a significant stake in all-cargo development.

Over the past twenty years, our industry has grown dramatically in response to the deregulation of the late 1970s. Today, the express and traditional freight components of the all-cargo marketplace generate annual volumes of upwards of \$30 billion dollars and the annual growth of this industry segment has consistently outpaced other air transportation segments. According to this year's FAA forecast, this trend is likely to continue. The FAA estimates that "air cargo demand by U.S. commercial air carriers is expected to grow at annual rates that are about 1.0 percent higher than those forecast for passenger demand."¹ And the all-cargo segment of the industry is expected to experience even greater growth. The FAA forecast concludes that "most of the growth in freight/express RTMs is expected to come from the all-cargo carriers operating dedicated cargo aircraft. All-cargo domestic and international freight/express RTMs increase at annual rates of 6.4 and 8.3 percent, respectively, over the 12-year forecast period. The percent of domestic freight moved by all-cargo carriers increases from 78.2 percent in 1999 to 87.7 percent in 2011, international freight/express from 53.6 to 64.4 percent."²

This forecast is clearly good news – but it is not the end of the story. Unless we find ways to overcome major capacity-inhibiting problems, the chances of actually achieving this projected growth are seriously diminished. In my opinion, the two major issues that will dominate the regulatory debate in the years to come are:

1. Airspace modernization; and
2. Environmental challenges.

Unless we find ways of managing these issues, the entire economy that has come to rely on fast, reliable air cargo transportation will suffer.

¹ *FAA Aerospace Forecasts*, March 2000, pp. I-15,16.

² *Id.* at I-16.

With respect to **airspace modernization**, it should be clear that airline expansion – both cargo and passenger – will necessarily require better use of existing airspace. And we cannot wait for another delay crisis to focus on this issue. The **good news** is that there are tools currently in existence that will enable this modernization to take place in the relatively near term. The **challenge** is to translate these technological tools from research and development into certificated tools that can be used in the cockpit and the control tower. To some extent, this challenge is made more difficult by an FAA culture that often is resistant to dramatic change. But such dramatic change is precisely what is needed now. The *status quo* is simply no longer acceptable. We must move forward with satellite navigation systems and technologies such as ADS-B³ in order to increase both safety and efficiency at a time when the traveling and shipping public demands such a system.

On the **environmental front**, the twin issues of aircraft noise and aircraft engine emissions continue to dominate the regulatory agenda. With respect to aircraft noise, members of the airline community have spent literally billions of dollars in converting their fleets to Stage 3 standards in the time frames mandated by the Airport Noise and Capacity Act of 1990. This conversion does not, however, end the environmental debate. Indeed, there is currently intense pressure to establish a new Stage 4 standard **and** to phase out the existing Stage 3 fleet, even though the fleet has been totally Stage 3 compliant for less than three months. While everyone would agree that we must continue to be environmentally sensitive and to take reasonable steps to improve the aircraft noise situation, any solution must be international in scope using ICAO as the vehicle for the debate and must be based on the established three-pronged test of technical feasibility, economic reasonableness and real environmental benefit. At this point, however, we seem to be fashioning solutions to problems that have not been adequately articulated. And until we have defined both the scope of the problem and the goals of the program, it is very difficult to provide a reasonable next step in this process.

On the emissions side, we are in the midst of a major FAA/EPA/Industry effort to arrive at a voluntary program to control various engine emissions, but are still confronted with local actions that attempt to deal with this issue on a piecemeal basis. From an airline perspective, these local actions threaten the viability of a nationwide system approach to aviation service and therefore must be considered a threat to future expansion.

In summary, while the overall outlook for industry growth in the coming years is certainly positive, we are still faced with serious challenges that must be overcome. And unless all segments of the aviation community come together to try to find acceptable solutions to these major issues, our future may not be as bright as it might otherwise be.

Thank you very much.

³ Automatic Dependent Surveillance – Broadcast is a technology which will dramatically increase situational awareness for both pilots and controllers, and which promises both airborne and groundside safety and operational benefits.